

The CIRCUIT



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February 2017

Rate Hearing

The Ark Valley Electric Cooperative's Board of Trustees is giving notification to all members that a rate hearing will be held on March 27, 2017 at 6:00 pm at the Cooperative's headquarters at 10 East 10th Street, South Hutchinson, KS. The meeting will be open to all Ark Valley members.

The Board will address revenue neutral rate adjustments. The proposed changes would increase the monthly service charge on each account in exchange for lowering the kilowatt per hour charge for the single phase, three phase, water source heat pump, and irrigation services. The proposed changes to three phase service would also introduce a demand charge component.

The irrigation service proposal would also change the existing on peak demand charge for that class of service. The current irrigation tariff sets a high demand charge on irrigators that run their systems when the temperature reaches 95 or above, until 8:00pm, during the months of July and August. The proposed change would create an on peak demand charge for the months of June and September, in addition to July and August, excluding holidays and weekends. However, a high demand charge would only be assessed for days when the Cooperative estimates its coincidental peak demand would be set between the hours of 2:30 pm until 6:00 pm, and irrigators are given at least four hours prior notice. This change would allow irrigators to run their systems with fewer use interruptions on hotter days.

If the Board was to adopt this proposal, and certain conditions are met, members may

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Drew Krehbiel Announced as Winner of Trip/Scholarship Contest

Ark Valley Electric Cooperative would like to congratulate Drew



Drew Krehbiel

Krehbiel, winner of the 2017 Youth Tour Trip & Scholarship Contest.

Krehbiel will receive a \$1,000 scholarship to use in attending the college of his choice and a trip to Washington DC. He is the son of Corey and Leslie Krehbiel of Marquette. If you would like to hear the winning essay, Drew will be presenting his essay to the membership during the 2017 Annual Meeting of the Members.

This coming June, Krehbiel will have the opportunity to join up with other cooperative winners from across Kansas and Hawaii during the Annual "Government in Action" Electric Cooperative Youth Tour held in Washington DC.



Gage Schoenhoff

The second place winner of the competition was Maxwell Harman, son of Todd and Janell Harman of Inman. Maxwell will receive a \$500 scholarship to use in attending the college of his choice.



Maxwell Harman

This year the Ark Valley Board of Directors decided to award 3 scholarships. The third place winner of the competition was Gage Schoenhoff, son of Michael and Karen Schoenhoff of Sylvia.

Gage will receive a \$250 scholarship to use in attending the college of his choice.

Ark Valley sponsors a trip for one student each year during the scholarship contest. For more information, call 620-662-6661.

Ark Valley would like to thank all of the applicants for their time and efforts put into the 2017 Youth Competition.

Board Meeting Highlights

The Board of Trustees for the Ark Valley Electric Cooperative Association held its regular meeting for the month of December on December 19, 2016 at 7:00 pm.

The Board reviewed the Cooperative's rate structures. Such reviews are done periodically to guarantee the Cooperative has sufficient revenue to operate and so the costs associated with distributing electricity are appropriately assessed to the members. At the review, the findings of a recent rate study were presented. It concluded no rate increase would be necessary in the near future but made numerous revenue neutral suggestions on how rate structures could be altered to more equitably distribute the costs of providing electricity to members.

In order to more thoroughly review the suggested changes, the Board will hold a special Trustee meeting to have an official rate hearing. Such a meeting will allow the Trustees to receive additional cost data and let Cooperative members participate.



Ark Valley Electric Cooperative
10 East 10th Avenue, South Hutchinson, KS 67505

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Cooperative Completes Rate Study

Have you ever wondered how the rates you pay for electric service are established? The revenue derived from the rates paid by the members for electric service funds the operation of the electric cooperative. It is the responsibility of the board of trustees and management to examine rates periodically to ensure that the cooperative continues to operate in a financially sound manner and to be sure that rates are just and reasonable and will allow the cooperative to fulfill its service obligations to the members and its financial obligations to the cooperative's lenders.

The cooperative retained the services of Guernsey Engineering to assist us with the three stages of the rate study: 1) Revenue Requirement, 2) Cost-of-Service Study, and 3) Rate Design.

The revenue requirement is simply an analysis of the cooperative's existing revenues and expenses as a tool to predict future revenues and expenses. The revenue requirement aspect of the study also examines the plant in service to provide electric service to the members and a determination is made as to what plant will be included in the rate base used to determine rates.

During this stage of the study, the cooperative's rate of return was examined, along with how much patronage capital is contributed by the members and how much debt is taken on by the cooperative. In addition, it is determined how much margin the cooperative should recover in rates. As you know, these margins, if any, are allocated to the members at the end of each year in accordance with the cooperative's not-for-profit member-owned status.

The cost-of-service study is simply an analysis of the cooperative's costs identified during the revenue requirement study and how they are assigned to the different customer classes. While the revenue requirement study examines what the costs are, the cost-of-service study examines how and why the costs are incurred. Members sometimes question why a rate for one type of service is different from another type of service. How much energy you use, when you use it, and how your usage varies all have an effect on the cost to provide you with electric service. Answering the questions of how and why the costs are incurred allows for the costs to be assigned fairly and appropriately using traditional ratemaking principles.

Rate design is the procedure that the board of trustees uses to develop a strategy for recovering the costs to provide electric service to the members. The overall objective of the rate design process is to set fair and equitable rates for each of the customer classes. This process now seeks to establish rates for service that will recover costs identified and assigned to the customer classes during the study. In addition to purely recovering costs through rates, it is at this stage that the board of trustees examines other factors such as the competitive position of the cooperative in relationship to other energy suppliers, the equitability of rates paid by different classes, and the effect of rate changes on each of the customer classes. While rate design is an art, the board cannot lose sight of the objective of recovering the cost to provide service in doing so through rates in an equitable fashion.

At the conclusion of the rate study, it was presented to the board of trustees for review. After the board of trustees reviewed the study they recommended that notice be provided to the membership of the time and place of the meeting of the board of trustees where the board intends to discuss and vote on any suggested rate changes. The notice is included in this newsletter. The notice gives members an opportunity to attend the meeting, ask questions, or hear the discussion of the proposed changes by the board of trustees.

You show confidence in your board of trustees when you cast a vote for their election. The board takes its responsibility to set fair rates very seriously. After all, they are members of the cooperative and pay the same rates.

Rate Hearing Continued

have the right, under K.S.A. 66-104d(g), to request the Kansas Corporation Commission review the rate changes. If you have questions about the specifics of the change or whether the proposed change would affect you, please feel free to contact the Cooperative's staff by either stopping by the Cooperative's headquarters at 10 East 10th Street, South Hutchinson, KS, or calling 620-662-6661.

Drawing Winner

AL FRANK is the winner of our \$25.00 readership drawing.

Al, to claim your prize, please contact Ark Valley by February 28, 2017 & give us the account number from your electric bill.



Want to Become a Lineman?

Ark Valley Electric Cooperative is offering its members a \$1,000.00 SCHOLARSHIP to any graduating senior, high school graduate, or recipient of an equivalent degree (GED, etc.) that plans to enroll in a Kansas line school.

(Must be a member or have parents that are members of Ark Valley Electric to qualify.)

If interested, call (620)-662-6661 or pick up an application from your School Counselor.

Applications must be returned to Ark Valley Electric by March 15, 2017.

The Ark Valley Electric Cooperative Association, Inc. is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.